



Malagas Ratepayers and Residents Association,

Erf 47

Malgas

19 December 2024

Email address: chairman@malgas.org.za

Attention:

The Mayor, Swellendam Municipality.

The Municipal Manager, Swellendam Municipality

Dear Sir/Madam,

Additional Residential Property Rates Rebate for Malagas, Malagas Holiday Resort Area, Riverine, Kontiki, and Infanta Park (the Area).

The Malagas Ratepayers and Residents Association (MRRRA) writes to you as the Civic head and as the Administrative head of Swellendam Municipality (SWM), to motivate a request for a further rebate on the Residential Property rates, currently 30%, for another 20% Rebate for the Area.

The residential property additional rebate is requested for **Malagas, Malagas Holiday Resort Area, Riverine, Kontiki, and Infanta Park (the Area)**, and could include Infanta, also as a residential area with many similar issues.

Attached to this letter, is a

SUPPORTING MEMORANDUM (para A to M) FOR THE MRRRA REQUEST FOR A FURTHER 20% PROPERTY RATES REBATE INCREASE, DATED 19 DECEMBER 2024

SWM is part of the Overberg District Municipality (ODM).

As a local sphere of government with the right to govern the local government affairs of its community, a **Municipality** has wide-ranging duties and obligations.

Essentially every municipality stands at the coalface of delivery of 5 various municipal services for its communities. Service delivery has become the core if not the primary function of every

municipality in line with the local government objects as set out in s 152 of the Constitution which provides the objects of local government are

- a) to provide democratic and accountable government for local communities;
- b) to ensure the provision of services to communities in a sustainable manner;
- c) to promote social and economic development;
- d) to promote a safe and healthy environment; and
- e) to encourage the involvement of communities and community organisations in the matters of local government.

A municipality must strive, within its financial and administrative capacity, to achieve the objects set out.

It follows that for a municipality to be able properly and efficiently to execute its constitutional and statutory obligations to deliver municipal services to its residents, it requires sufficient resources and revenue.

To put the municipality in a position to render the required municipal services, the ratepayers must make regular payments of taxes and levies and consumption charges. There is in fact a duty on ratepayers that, in as much as they are entitled to demand that the municipality should deliver municipal services to them, they must also make corresponding payment for such municipal services. See ss 5(1) (g) and 5(2)(b) of the Systems Act. This is part of their civic and contractual responsibilities.

In addition, s 73 of the Systems Act provides that:

1. A municipality must give effect to the provisions of the Constitution and
 - a) give priority to the basic needs of the local community;
 - b) promote the development of the local community; and
 - c) ensure that all members of the local community have access to at least the minimum level of basic municipal services.

2. Municipal services must
 - a) be equitable and accessible;
 - b) be provided in a manner that is conducive to
 - (i) the prudent, economic, efficient and effective use of available resources; and
 - (ii) the improvement of standards of quality over time;
 - c) be financially sustainable;
 - d) be environmentally sustainable; and
 - e) be regularly reviewed with a view to the upgrading, extension and improvement thereof.

The Area is zoned as residential, surrounded and interwoven by agriculture properties. From a humble and informal beginning, the area grew into an established holiday destination and recently in the last few years, to a preferred destination for many more permanent homeowners. Infanta has had a similar expansion, with a more formal beginning.

Due to the informal development spanning over many years, as far back as 50 years, subsidiary access roads cross over private residential and agricultural properties with almost no establishment of registered servitudes.

With an excess of 400 properties with virtually no legal servitudes, the municipality cannot now, or in the future provide any base road services normally found in Metro residential areas on private properties.

SWM's recently reviewed Property Rates Tariff Policy refers to the criteria for determining categories of owners of properties, to grant exemptions, rebates and reductions:

- a. indigent status of the owner of a property;
- b. income level of the owner and/or household on a property;
- c. income level of owners of a property who are pensioners or dependant on social grants;
- d. owners of property situated within an area affected by:
 - i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No.57 of 2002); or
 - ii. any other serious adverse social or economic conditions;
- e. owners of residential properties with a market value below a determined threshold;
- f. owners of agricultural properties who are bona fide farmers; and
- g. availability of services funded by rates for a property.

A rebate annually determined by SWM Council during its budget process may apply to area's where there is limited municipal infrastructure and limited services are rendered.

When the municipality is able to render services in one of the mentioned areas it will no longer qualify for a rebate.

The Area concerned is impacted by many issues. Historically SWM has recognised the inadequacy or lack of services and has annually granted a Rebate on the residential rates applicable in the Area.

We believe that the level of services to be covered by residential property rates, as rebated, has not improved, but has deteriorated, with more cost to the property owners.

Financial aspects of the services are commented on, below.

Summary of current SWM tariffs:

2024/2025 Property rate set for SWM = 0.00862 of MV

This is then used for various Zonings:

i. Residential Ratio of Basic Rate = 1:1

Note - There is no reduction as envisaged in the Western Cape Generic Rates By Law of 20%, which would then have been 1:0.80

Council previously approved and again approved for 2024/2025 the Special Rebate of 30% for lack of services in the Area.

ii. Industrial Ratio of Basic Rate = 1:1.15

iii. Agricultural Ratio of Basic Rate = 1:0.25

Swellendam annual rates have increased each year, to balance an increasing municipal expense budget.

The Municipal property valuations of residential properties are increasing for every Valuation.

The provision of services, or in fact the lack of provision of services, is worsening each year, in the Area.

The individual residential property owner in the Area provision of the services not provided by SWM is becoming more costly.

The rates recovery in the Area by SWM is increasing at a greater rate than the expenditure.

The owners' services expenses are also increasing at more than inflation so widening the personal expenditure total by owners.

Four Factors for motivating a further decrease in rates/increase in Rebate to 50% from 30% for the Area.

1. The 30% rebate was set some years back. Cost of supplying the services not provided by SWM has increased substantially for the individual property owners.
2. The owners have increasing limitations placed on the use of their land by new Environmental Laws, creating affected and protected areas, limiting their use, and in the process creating expensive Environmental Impact Assessments, for often rudimentary actions, such as changing driveways to and on properties.
3. The Generic Rates By – Law policy draft from Western Cape Government for use by Municipalities, gives indications of various %age reduction, that could be applicable to Agricultural zonings.

These are very appropriate to Residential Areas without services:

No Municipal Roads next to the Property	7.5%
No Municipal Sewerage to the property	7.5%
No Municipal Electricity to the property	7.5%
No Municipal Water to the property	20%
No Municipal refuse removal service to the property	7.5%
These total	50%

4. An analysis of Revenue compared to Expenditure for 2024/2025, at a high level indicates that:
 - a) The Area and Infanta Rates of R3.2m and R6.5m respectively, a total of about R9.7m contributes around 30% of the total SWM rates.

This is after the 30% rebate on residential of an estimated R4.2m, which would have amounted to R13.9m gross rates collectively between the Area and Infanta.

b) The Area and expenditure related to rates (in other words excluding some limited trading items) are about R1.7m:

1. Maintenance	R0.6m
2. Nuwedorp	R0.7m
3. Estuary management through the IA, LBRCT	R0.4m

5. The Residential Rates less direct non trading expenditure provides an excessive income contribution to the Municipality noted for 'Administration' of about R8.0m, apparently enabling subsidization of other areas. This excess appears to be growing from year to year.

Please could the requests be acknowledged and dealt with and reviewed as soon as possible and before 31 March 2025.

A successful outcome could be included in the 2025/2026 IDP and SWM annual budget.

We are open to discuss and meet regarding this request as soon as may be possible.

We would be delighted to find that SWM have immediate and substantive plans, to deal with the deficiencies in the services required to support the owners and residents. Until then the increase in rebate to 50% would go a long way to minimise the personal cost to ratepayers. This saving could be used to pay for the increased costs of trading services.

Our members have approached us, in support of the increased Rebate request. We understand Property Rates are a tax, and that some of these excess benefits to SWM may be validly used for the upliftment or otherwise for Indigent persons and in indigent areas. However, we contend that SWM has not provided and or improved the non-trading services required in the Area, over the years. As such the further rebate is required to reduce the personal cost of the residential property owners, providing their own services, where it is possible.

Yours Faithfully,

FOR AND ON BEHALF OF THE MALAGAS RATEPAYERS AND RESIDENTS' ASSOCIATION.



Ms M Mulder

CHAIRPERSON

The Mayor. E mail fdurand@swellendam.gov.za

The Municipal Manager. E mail anneleenv@swellendam.gov.za

Cc:

SWM Ward 3 Counsellor – E mail donovanj@swellendam.gov.za

Ms Elmarie Wasserman- SWM CFO – Email elmariw@swellendam.gov.za

SUPPORTING MEMORANDUM FOR MRRA REQUEST FOR A FURTHER 20% PROPERTY RATES REBATE INCREASE, DATED 19 DECEMBER 2024

A. Roads

The Public and Private access Roads in the Area are gravel roads, except for a few very small sections of tarred road within the public road's infrastructure, such as Diepkloof and the Malagas access road. We understand Infanta with tarred roads, has had the roads incorporated into SWM who will in future maintain them.

Road maintenance covers and consist of the following roads:

a) Public Roads (under ODM responsibility):

- Provincial Main Road MR268
- Divisional Road DR1263
- Minor Road OP4455
- Minor Road OP4454

b) Private Roads: (under private owner responsibility):

Consist of ALL other roads within the Area (excluding Infanta Village) not listed above. This roughly makes up 90% of the residential and agriculture road infrastructure.

There is currently only one escape route from the Area and Infanta in the event of a disaster. This escape route is a public gravel road MR268, towards N2, Swellendam. Just past Malagas, a public road DR01223 towards Bredasdorp is an alternative escape route to MR268, but also only accessible to residents north of Malagas in the event of flooding. The Ferry at Malagas, if working, provides an exit across the Breede River for those who can access it. Main Road MR268 has many small rivers adjacent to the road, which causes flooding and residents south of Malagas are cut off, with no escape route in existence. A possible alternative road through De Hoop is not accessible, with gates locked and an unkept gravel road.

The residents of Matjieskloof and Lemoentuin are grateful for the Grant in Aid of R20 000 to improve and renew damaged roads, along side their own funds.

B. Sewerage

Most properties within the Area, and Infanta were developed where the properties were serviced by their own septic/soak away tanks, that were self-sustainable, minimal service was required and appeared to have no negative impact on the environment. With new legislation passed and building control in most cases enforcing the installation of conservation tanks at newer developed properties, this has significantly increased the cost to the owner. Servicing conservation tanks are charged at a fee of roughly R 1800 per unit, billed directly to the homeowner.

C. Electricity

There is no provision of municipal electricity. The Area, as well as Infanta are on direct Eskom Electricity supply. Certain Overberg District areas currently incur a direct electricity surcharge of a minimum of R2500 per month before any electricity use. Prepaid customers are charged R8.88 per unit.

D. Water

Owners supply their own potable water in the form of rainwater(tanks), and/or reverse osmosis systems from Breede River Source or from boreholes.

E. Refuse

Owners are required to transport their own household and organic refuse to a central collection point. Notwithstanding this additional cost, SWM separately charge for the removal of the Refuse from the collection points.

F. Environmental Sensitive Area

The Area (and Infanta) are situated within a critically endangered conservation area, consisting of mainly protected Renosterveld, so a large portion of the area is protected under Environmental laws. As a result, costly impact assessments are needed, for example to prepare for big firebreaks, or improvements/changes to public roads. Invasive species in the form of the quick spreading Port Jackson and Wattle trees should be controlled in a critically endangered area and currently no municipal support on District and Local level is supplied.

Additional observations on other Municipal services:

G. Limited Fire Rescue Services (Disaster Management) and Security

Disaster Management and Fire rescue falls under the jurisdiction of ODM. There is a 3-year SLA between SWM and ODM, providing limited fire services in the form of a truck and basic support is given for disasters within the immediate area of Swellendam and some surrounding towns.

Response time for municipal support in the Area may be longer than an hour, during which period the local volunteer associations, directed by the MRRA, will stand in with first responder support in the form of people volunteers and privately owned and funded equipment, and or donated firefighting equipment. Direct expenditure on Fire equipment has exceeded R107 000, and there are also substantial operating costs. SWM has provided on a lease agreement, 2 water bowsers.

Security is a key requirement for residents in the Area. The Area residents and the MRRA have over the years also provided security services, including CCTV cameras and ancillary equipment totaling some R170 000 and incurred substantial operating costs. The 2024/2025 Grant in Aid of R50 000 for further improvement has been gratefully received.

H. Health Services

Very limited services. The nearest hospital is in SWM. For the Area residents and for Infanta residents, this would be more than one and a half hours drive. Worcester as the next provincial Hospital, if needed for more difficult medical care.

An ambulance service is in SWM, but with a slow response time, aggravated by travelling time in excess of an hour to the Area and even longer to Infanta.

A monthly mobile clinic service is supplied by Health Services, mainly visiting surrounding farms or an indigent area. It is up to individuals to ensure they have transport to reach the mobile clinic.

I. Municipal offices and officials

There are no manned municipal offices within the Area, or in Infanta. Residents and ratepayers need to travel to Swellendam, if face to face contact required.

J. SAPS/Satellite Station & SWM Municipal policing.

The nearest SAPS station is in SWM, an hour's drive or more into the Area. The Area and Infanta are no longer mainly seasonal holiday areas but have now grown with an influx of many permanent homeowners. With the increased activity, as well as the area being marked as a favorable holiday destination, the need for a SAPS satellite station increases.

The SWM LEAP/municipal policing never visit the Area. One of the concerns on lack of policing in the Area, includes the protection of indigent populations from drug dealers and criminals.

K. Social and Educational Welfare

The only, and closest school in the Area is Ouplaas Primary School, situated roughly 15km (gravel) from Malagas and 55km (gravel) from Infanta. There are no secondary or pre-primary facilities at all. The school bus does not travel as far as Malagas or Infanta.

L. Indigent and Local Families

The unregistered and unproclaimed local housing areas, from where many of the indigent population live, who also have work/jobs in the Area, have limited services. For Nuwedorp the services are restricted for weekly borehole water (by repute of poor quality) provided by SWM, a refuse container and very poor health conditions.

This all leading in all to an unhealthy environment and conducive to anti-social behavior and poor family living conditions.

SWM have had plans, in the IDP's, to improve and or to relocate these communities, but nothing appears to have transpired.

M. Sporting and Cultural Services.

In the Area, there is no provision for sporting facilities or cultural, such as Libraries.